

## Article - Education

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§5–405.

(a) Subject to the judgment of the Board and in accordance with this section, each fiscal year a portion of the increase in the State share of major education aid, as defined in § 5–201 of this title, over the amount provided in the prior fiscal year shall be withheld from public schools and local school systems.

(b) Except as otherwise provided in this section, beginning in fiscal year 2023, 25% of the increase in the State share of major education aid over the amount provided in the current fiscal year shall be automatically withheld from a local school system for the next fiscal year.

(c) Beginning in fiscal year 2023 and ending in fiscal year 2025, the Board shall release funds withheld under this section each year if the Board finds that a local school system or public school:

(1) Has developed an initial implementation plan under § 5–404 of this subtitle; and

(2) Has received approval for its initial implementation plan and for any subsequent modifications.

(d) Beginning in fiscal year 2026, the Board shall consider releasing funds withheld under this section to a public school or local school system if:

(1) The Board receives a recommendation to release funds from:

(i) The Department;

(ii) The Career and Technical Education Committee established under § 21–209 of this article; or

(iii) An Expert Review Team established under § 5–411 of this subtitle; or

(2) The Board determines that a public school or local school system has made sufficient progress on an implementation plan or taken appropriate steps to improve student performance.

(e) The Board may withhold more than 25% of the increase in the State share of major education aid over the amount provided in the current fiscal year from a public school or local school system, if, in the judgment of the Board:

(1) A local school system has not made satisfactory efforts to develop or revise the implementation plan required to be approved by the Board under § 5–404 of this subtitle;

(2) A public school or local school system has not made sufficient progress on its implementation plan; or

(3) A public school or local school system has not taken appropriate steps to improve student performance.

(f) In determining whether to release or withhold additional funds under this section, the Board shall consider whether a public school or local school system has been responsive to the recommendations of the Department, the Career and Technical Education Committee, an Expert Review Team, and the Board's staff.

(g) The Board shall notify the Governor, the President of the Senate, and the Speaker of the House of Delegates of a decision not to release funds or to withhold additional funds.

(h) (1) If the Board finds that funding should not be released under subsection (c) or subsection (d) of this section, the Board shall, on or before December 1, issue an initial warning to the public school principal or county superintendent that funds may not be released in the next fiscal year.

(2) A warning issued under paragraph (1) of this subsection shall inform the local principal or county superintendent of:

(i) The findings by the Board and the reasoning for the findings; and

(ii) Any steps that may be undertaken to remedy the finding.

(3) On or before February 1, the Board shall make a final determination on whether to release funds under this section for the next fiscal year.

(4) If a public school or local school system makes progress in some areas but not in others, the Board may determine that a portion of the funds may be released while a portion may be withheld.

(i) The Board shall notify the State Superintendent and the Comptroller for purposes of § 5–205 of this title by June 1 of each year of the Board’s final decision to release, not release, or withhold additional funds under this section in the next fiscal year.

(j) (1) The Board may determine it is necessary to release or withhold funds for the current fiscal year.

(2) The Board shall notify the State Superintendent and the Comptroller as soon as practicable for purposes of § 5–205 of this title if it decides to release or withhold additional funds during the current fiscal year.

(k) The Board shall develop an appeals process through which a public school or local school system may contest the withholding of funds under this section.

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